GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1846
ANSWERED ON:24.08.2007
REPO RATE HIKE
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Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has hiked the Repo Rate;

(b) if so, the details thereof alongwith the reasons therefor;

(c) whether this hike has brought the desired result on price indices;

(d) if so, the details thereof; and

(e) the further measures taken by the Government to check price-rise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a), (b), (c), (d) & (e) : Reserve Bank of India (RBI) has raised Repo Rate by 25 basis point on March 30, 2007 to 7.75 per cent in the light of the prevailing macro-economic, monetary and anticipated liquidity conditions, and with a view to contain inflation expectations. The First Quarter Review of Annual Statement on monetary policy for the year 2007-08 of the RBI released On 31.7.2007 has indicated that inflation, measured by variations in the Whole Sale Price Index (WPI) on a year on year basis, declined from 5.9 per cent at end March 2007 to 4.4 per cent as on July 14, 2007. Further measures taken by the Government to control inflation include supply side improvements in some essential commodities like wheat and sugar.